

**IOWA RACING AND GAMING COMMISSION
MINUTES
OCTOBER 9, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, October 9, 2014 at Wild Rose Clinton, LLC d/b/a Wild Rose Clinton (WRC), Clinton, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM, and requested a motion to approve the agenda. Commissioner Mertz so moved. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the Welcome. Travis Dvorak, General Manager, welcomed the Commission to Clinton on behalf of Wild Rose Entertainment, Wild Rose Emmetsburg, and their newest property under construction, Wild Rose Jefferson. He expressed his hope that everyone enjoyed their stay at the facility. He introduced Tom Fullerton, President of the Clinton County Development Association (CCDA).

Mr. Fullerton asked additional board members in attendance to stand, and welcomed the Commission to the City of Clinton and Clinton County. He advised he first appeared before the Commission in 1991, when Clinton was awarded the fifth gambling license issued in the state. While Clinton is a small market, Mr. Fullerton stated they have been very proud of their operators over the years; the Robert Kehl family and Mississippi Belle II, and since 2006, with Wild Rose Casino and Resorts. He noted Wild Rose Clinton was the first truly land-based casino licensed by the Commission as it was not required to have a water feature in order to have a license. Mr. Fullerton advised CCDA has received over \$23 million from the casino operators since being licensed in 1991, and has been a major investor in many development projects throughout Clinton and Clinton County. CCDA provided the majority of the match money for a \$20 million Vision Iowa project for redevelopment of the riverfront; and provided millions of dollars for the industrial park – a 500+ acre park on the south side of the city that is served by the railroad and has become the home of several new industries within the county. Additional funds have gone toward fire trucks, band uniforms, band instruments, and many other events and activities throughout the county.

Chair Lamberti thanked everyone for their hospitality, and moved to the approval of the minutes from the August 28, 2014 Commission meeting, noting they had been previously distributed. Commissioner Kramer moved to approve the minutes as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the announcements, and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko provided the following information about upcoming Commission meetings:

- November 13, 2014 – Adventureland Inn, Altoona, IA (Submissions due by October 29, 2014)
- December 2014 – No Meeting
- January 15, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by December 31, 2014)
- February 2015 – No Meeting

Mr. Ohorilko noted the Commission has received the license application from the Iowa Greyhound Association, which was due in the Commission's office by October 1st. He advised the Commission will be holding a special meeting in late October/early November consistent with what the Commission has done with other license applications. The Commission will hold a special meeting to receive public comment on the application, as well as provide the Commissioners with an opportunity to ask questions of the applicant. He stated an agenda will be distributed and posted once the date and location have been determined so that everyone is aware of the date.

Mr. Ohorilko introduced Michelle Perino, IRGC's Gaming Representative, assigned to WRC, and thanked her for her work on behalf of IRGC.

Chair Lamberti, addressing the application from the Iowa Greyhound Association, noted it is somewhat different from the Commission's normal procedure as it was set by Legislation; however, the Commission is trying to keep its procedure as close as possible to what has been done in the past. He noted the Commission is on a tight schedule with regard to a decision on the application; however, they believe it is appropriate to make sure the public has an opportunity to be heard prior to the decision.

Chair Lamberti moved to the selection of the vendor to assist the Commission with the distribution of the Greyhound Racing Fund. He noted the Commission heard presentations from the proposed vendors to assist the Commission with the process of determining how to distribute the greyhound racing fund established by Legislation during the last session at the August Commission meeting. He stated all three vendors are well qualified and capable of providing the assistance necessary in helping the Commission to be fair and equitable in the distribution of the funds. Chair Lamberti stated he studied the three proposals, but the final decision came down to cost in an effort to be good stewards of the funds.

Chair Lamberti moved to select Spectrum Gaming Group to perform the tasks necessary to assist the Commission in determining how best to distribute the greyhound racing funds, and directed staff to enter into a contract consistent with the Request for Proposal. Commissioner Mertz seconded the motion.

Commissioner Heinrich concurred all three vendors were qualified to provide the necessary assistance; however, the choice came down to economics for him as well.

Hearing no further discussion or comments, Chair Lamberti called for the vote. The motion carried unanimously.

Chair Lamberti called on Wild Rose Jefferson, LLC d/b/a Wild Rose Jefferson (WRJ) for a construction update and contract approvals. Tom Timmons, Vice President of Operations, noted the license was granted on June 12; they started moving dirt on June 13th, and held a groundbreaking ceremony on July 10th. Since then, the rains moved in putting the project a little behind schedule. Mr. Timmons stated most of the ground work is completed, the footings are in, and they are in the process of pouring concrete for the drives. He advised three walls will be precast and should be delivered this week; it will take about a week to set them in place. Steel is schedule to arrive in another week or two. Mr. Timmons stated the goal is to have the project totally enclosed by winter, which will enable them to continue working throughout the winter. He stated the project is on schedule to try and open by August 1, 2015.

Mr. Timmons stated his report included the hotel schedule. He noted they will be pouring the slab for the hotel, but are not building the hotel. The hotel is being built by Cobblestone, which will take approximately six months. Cobblestone's projected completion date is sometime in June 2015. He advised Cobblestone has not started on the project at this time.

Hearing no comments regarding the construction progress, Chair Lamberti moved to the contracts submitted by WRJ. Mr. Timmons submitted the following contracts for Commission approval:

- USA Security, Inc. – Design and Installation of Security and Surveillance Systems
- Signarama Altoona – External and Internal Signage
- Iowa Audio Video, Inc. – Audio and Visual Systems

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by WRJ. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda and called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino & Hotel (Harrah's). Tina Eick, legal counsel, presented a contract with Hospitality Network, an Affiliate of Cox Communication for Wireless Network Equipment for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Harrah's. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Henkel Construction – Jo Stop Convenience Store Remodel Construction Contract
- Mulgrew Oil Company – Renegotiation of Dealer Agreement to Provide Petroleum Products to Convenience Store

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, presented a contract with Halvorson Trane to replace the starter drive on the chiller for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by DJ. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Northwest Mechanical – Repairs & Maintenance on HVAC and Other Mechanical Equipment
- MultiMedia Games – Purchase of Slot Machines and Parts
- Shye West – Various Marketing Promotional Items

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IOCB. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Mo Hyder, General Manager at Rhythm City, presented a contract with All Phase Electric to do the electrical work on the golf course maintenance building for Commission approval.

Commissioner Heinrich asked about the golf course. Mr. Hyder advised that it is coming along well. He noted Grand Falls has hosted several invite only events for individuals to play the course. They have received good feedback. The developer of the course, Rees Jones, and the media will be at Grand Falls on Friday. Mr. Hyder advised all 18 holes of the course would be opened to the public sometime next spring.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, stated several individuals from Riverside were able to play the course earlier this week. He stated the course feels like you are in another world; the course is very challenging and will be a great addition to the Grand Falls facility.

Mr. Franz presented the following contracts for Commission approval:

- City of Riverside, IA – Payment in Lieu of Admission Fee Agreement
- GTECH, USA, LLC – Slot Machine Leases
- Kluesner Construction, Inc. – Asphalt Material and Labor for Casino Parking Lot
- Marsh USA, Inc. – Insurance
- Vital Support Systems d/b/a OneNeck IT Solutions – SmartNet Support Renewal

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by RCGR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on HGI Lakeside d/b/a Lakeside Hotel Casino (Lakeside). Bob Thursby, General Manager, presented the following contracts for Commission approval:

- VSR Industries – Slot Bases
- Henningsen Construction – Parking Lot Asphalt
- Midwest Casino Supply – Slot Chairs

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Lakeside. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Casino Hotel & Casino Sioux City (HRC). Stefan Huba, Assistant General Manager, presented the following contracts for Commission approval:

- Certegy Check Services, Inc. – Check Guarantee Services
- Pepsi-Cola of Siouxland, Inc. – Beverage Supplier

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by HRC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Ms. Eick presented the following contracts for Commission approval:

- Hospitality Network, an Affiliate of Cox Communication – Wireless Network Equipment
- Insight Direct USA – Purchase of Networking Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by HC/BRGP. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association d/b/a Mystique Casino (Mystique). Dustin Manternach, Chief Financial Officer, presented the following contracts for Commission approval:

- Aristocrat, Inc. – Slot Machine Lease & Purchases
- Houlihan's – Assignment of Houlihan's Restaurant Franchise Agreement & Addendum

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Mystique. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino (PMR&C). Brian Wessels, Chief Financial Officer, presented the following contracts for Commission approval:

- Atrient – Kiosks and Software System for Managing Casino Guest Promotions
- Chestnut Sign Co., Inc. – Sign Manufacture and Installation
- Des Moines Performing Arts – Sponsorship of Fine Arts Series Events
- Halvorson Trane – Ventilation Equipment Parts and Service

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Lakeside management had agreed on a Stipulated Agreement regarding the violation of Iowa Code Section 99F.4(22), the self-exclusion provision. Mr. Ohorilko stated Lakeside purchased two mailing lists in July of this year. An individual came to the facility that was on the self-exclusion list and attempted to redeem some of the promotional mailings. Lakeside conducted their own internal review and determined there were a substantial number of individuals who received mailings that were on the self-exclusion list, which indicated the lists were incorrectly cross-referenced with the self-exclusion list. Mr. Ohorilko noted this is the first violation of this nature in the last 365 days. The proposed administrative penalty agreed upon is in the range of \$3,000 and \$10,000.

Mr. Thursby advised the two purchased lists were comprised of individuals who had cashed a check at the casino in the past six months and those that had answered a survey indicating their interest in receiving information from casinos. He advised the error he made was allowing the mail house and advertising company to scrub the list against the self-exclusion list. Mr. Thursby advised personnel at Lakeside would be checking the list against the self-exclusion list going forward to ensure that it is done correctly. Mr. Thursby accepted responsibility for not having that process done in-house.

Chair Lamberti stated that Mr. Thursby had answered his question, which was where did the failure occur. Hearing no other comments or questions concerning the Stipulated Agreement,

Chair Lamberti called for a motion. Commissioner Heinrich moved to approve the Stipulated Agreement as submitted, and to assess an administrative penalty of \$3,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko for the background on the second hearing, IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo for a violation of Iowa Code 99F.4(22), the self-exclusion provision. Mr. Ohorilko advised Commission staff and IOC Waterloo management had reached a Stipulated Agreement. In this situation, an individual signed the paperwork to be placed on the state-wide self-exclusion list in June 2009. Subsequently, the individual got married and was able to obtain a Player's Card and receive promotional mailings. In June 2014, the facility requested identification from the individual prior to printing her entries in a promotional drawing. In doing so, the facility determined the individual was on the self-exclusion list, and had won a taxable jackpot, which she received previously, and was the triggering fact for this violation. At the time of receiving the payout, the individual should have been requested to provide identification, which should have been cross-referenced with the state-wide self-exclusion list. Mr. Ohorilko noted IOC Waterloo has incorporated some additional procedures to prevent the situation from re-occurring. He advised the parties have agreed to an administrative penalty between the range of \$3,000 and \$10,000. He further noted IOC Waterloo has not had a violation of this nature within the last 365 days.

Bari Richter, General Manager, advised the facility is cognizant of the severity of the violation. She advised that after the violation occurred, the facility went back through the touch points in the related training materials, strengthening each item and adding a secondary checkpoint. They have also worked with the check cashing vendor, which was one of the items in the Stipulation, to insure they are properly uploading the self-exclusion information. With regard to the W2G situation, Ms. Richter stated the facility has performed extensive re-training and added checking the IGA list as an added verification. She stated the facility will do what they can to prevent the situation from occurring again in the future.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the Stipulated Agreement as presented, and assess an administrative penalty of \$3,000. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Lamberti moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko advised there will be a reversion to all of the facilities; the Commission's FY 2014 budget has closed. He advised the Commission does not have all of the information from the DCI, but will be forwarding additional information in the near future. Mr. Ohorilko stated the amount to be reverted to the racetracks from the Commission is \$34,945; for the riverboats and excursion gambling structures, the amount is \$37,677.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK